

## **AGENDA**

### **SPECIAL COMMITTEE ON RIVERFRONT ACTIVITIES AND BASEBALL**

**August 7, 2007**

**Aldermen Lopez, Gatsas,  
Smith, DeVries, Roy**

**4:15 PM**

**Aldermanic Chambers  
City Hall (3<sup>rd</sup> Floor)**

1. Chairman Lopez calls the meeting to order.
2. The Clerk calls the roll.
3. Discussion regarding a Report on Stadium Financing submitted by the Finance Officer.
4. If there is no further business, a motion is in order to adjourn.



## City of Manchester Department of Finance

One City Hall Plaza  
Manchester, New Hampshire 03101  
Phone: (603) 624-6460  
Fax: (603) 624-6549

August 1, 2007

Honorable Board of Mayor and Aldermen  
C/o Leo Bernier, City Clerk  
One City Hall plaza  
Manchester, NH 03101

### ***RE: Report on Stadium Financing***

Dear Honorable Board:

This report is in response to your request at the July meeting for a report on the status of the financing and tax revenues related to the Riverfront Development project.

#### Bond Issuance and Debt Service

The City obtained financing of \$27.5 million for the project including \$24.4 million for the new stadium and \$3.1 million for Gill Stadium renovations. The "Stadium Bonds" were issued in December 2003. Due to credit market conditions at the time, the bonds were issued at a premium of \$483,000. As a result, the par value of the bonds issued for the project was \$27,016,700 and with the premium, yielded proceeds of \$27.5 million. The "Stadium Bonds" are being retired over a term of 25 years ending in December 2028. Debt service commenced on the "Stadium Bonds" in fiscal 2005 with interest only due in the first year of \$1,705,605. The debt service amortization schedule is attached as Exhibit 1.

#### Agreement with 6 To 4 To 3, LLC

Pursuant to the Amended and Restated Management and Operations Agreement between the City and 6 To 4 To 3, LLC, the City receives a guaranteed minimum payment of \$750,000 annually for the first ten years (through 2015) for use of the new stadium. Commencing in 2016 the guaranteed minimum payment will increase for annual increases in the consumer price index, not to exceed 5% per year. All payments have been made.

The Management and Operations Agreement also requires an additional minimum payment if the City's debt issuance exceeds \$25 million. The additional minimum payment will fully compensate the City for the total cost of any borrowings over \$25 million. As a result, 6 To 4 To 3, LLC is obligated to pay an additional \$169,016 annually to cover the debt service of the "Stadium Bonds" in excess of \$25 million. All payments have been made.

The Management and Operations Agreement also requires 6 To 4 To 3, LLC, to provide the City with an irrevocable stand-by letter of credit equal to \$2,790,000. This Letter of Credit has been in place since inception of the contract with 6 To 4 To 3, LLC.

#### Agreements with Property Developers

In October and November of 2004 (fiscal 2005) the City of Manchester, in three separate transactions, sold approximately 15.9 acres of land adjacent to the stadium parcel to Manchester Downtown Visions, LLC, Roedel Partners of Manchester, LLC, and Manchester Parkside Place, LLC, for an aggregate amount of \$1,409,847. The proceeds from these transactions, net of legal expenses of \$72,640, were placed in the City's Special Revenue Account.

The sale contracts commit the developers to attain minimum assessed value for property tax purposes for their respective properties as follows:

Manchester Downtown Visions, LLC	\$ 2,000,000
Roedel Partners, LLC	8,000,000
Manchester Parkside Place, LLC	<u>30,000,000</u>
Total	40,000,000

As of April 1, 2007, the aggregate assessed value of these properties was \$26,045,700 of which \$11,788,200 is attributable to the Hilton Garden Inn development. Attached as Exhibit 2 is a letter from the Board of Assessors dated July 26, 2007 which provides additional information regarding the tax assessments of the properties.

Each sale contract also contains a Make-Whole Agreement which obligates each developer to make the City whole for the difference between actual property taxes received for the parcel in each year and the Developer's share of tax revenue as set forth in the Make-Whole Agreement. Attached as Exhibit 3 are copies of the exhibit to the Make-Whole Agreements setting forth each developer's share of tax revenue. It should be noted that the amounts set forth on Exhibit 3 are based on tax years rather than fiscal years. The tax assessment for tax year 2005 is reported as tax revenue in fiscal 2006.

The sales contracts required each developer to post Letters of Credit at closing in the following amounts:

Manchester Downtown Visions, LLC	\$ 550,000
Roedel Partners, LLC	900,000
Manchester Parkside Place, LLC	<u>1,600,000</u>
Total	\$3,050,000

The Letters of Credit have been reduced, in part, to satisfy amounts due under the Make-Whole Agreements. The Letters of Credit are cancelled upon the earlier of (1) reduction of the Letter of Credit to zero or (2) attaining the contractually obligated assessed valuations for the project. There is no contractual requirement for the developers to replenish the Letters of Credit. As of July 31, 2007 the Manchester Parkside Place Letter of Credit had a balance of \$791,362.20. Based on the current estimate of future Make-Whole payments, the Manchester Parkside Place Letter of Credit will be sufficient for two more installments (December 2007 and June 2008). The Make-Whole agreements relieve the developer from making Make-Whole payments if the Letters of Credit are reduced to zero. The Letter of Credit for Roedel Partners, LLC is no longer in effect due to attainment of the contractually obligated valuation target. The City Solicitor will provide information regarding the Manchester Downtown Visions, LLC letter of credit at the BMA meeting on August 7<sup>th</sup>.

### Funded Position of Stadium Bonds

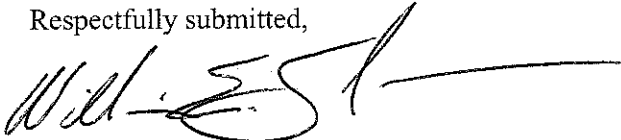
Exhibit 4 provides details of the funded status of the "Stadium Bonds" on an annual basis from fiscal 2005 through fiscal 2007. Despite prompt payment of all amounts due from 4 To 6 To 3, LLC and the developers, debt service payments for the Stadium Bonds have, in each fiscal year since the bonds were issued, exceeded property tax revenues, make-whole payments and stadium payments from 6 To 4 To 3, LLC. A summary of the annual shortfalls and the aggregate shortfall at June 30, 2007 is as follows:

Fiscal 2005	\$678,725
Fiscal 2006	256,233
Fiscal 2007	<u>354,253</u>
Total	\$1,289,211

The current estimate for fiscal 2008 is a shortfall of approximately \$70,000. The shortfall in each year has been funded by other general fund tax revenues. Exhibit 5 provides detail on the impact of the shortfalls on the property tax rate in each year.

There are three primary reasons for the shortfall. First, the bonds were issued in December 2003 to begin construction of the stadium. However, the development agreements were not in place until October 2004 and consequently tax revenues and make-whole payments did not begin until 2005/2006. Second, the make-whole payment revenue schedule was not aligned with the bond amortization schedule in the first three years and consequently provided insufficient funds. Third, the development of the Manchester Parkside Place parcel has not proceeded as rapidly as originally anticipated.

Respectfully submitted,



William E. Sanders  
Finance Officer

Cc: Thomas Clark  
Thomas Arnold  
David Cornell  
Stephen Hamilton  
Thomas Nichols

*Exhibit 1*

YEAR	PAYMENT DATE	25 Year 27,500,000.00	25 Year Interest	Baseball Stadium-City		Baseball Stadium-Weber	
				P	I	P	I
2004	June	-	-	-	-	-	-
2005	December	-	1,077,493.10	-	979,539.18	-	97,953.92
2005	June	-	628,111.98	-	571,010.89	-	57,101.09
2006	December	154,600.00	628,111.98	99,645.00	571,010.89	54,955.00	155,055.01
2006	June	-	626,565.98	-	569,605.44	-	57,101.09
2007	December	704,150.00	626,565.98	648,225.00	569,605.44	55,925.00	169,016.63
2007	June	-	617,412.03	-	561,283.66	-	56,960.54
2008	December	760,300.00	617,412.03	702,470.00	561,283.66	57,830.00	169,013.91
2008	June	-	605,627.37	-	550,570.34	-	56,128.37
2009	December	835,300.00	605,627.37	775,050.00	550,570.34	60,250.00	169,015.40
2009	June	-	590,800.81	-	537,091.65	-	55,057.03
2010	December	866,300.00	590,800.81	803,225.00	537,091.65	63,075.00	169,016.19
2010	June	-	574,557.87	-	522,325.34	-	53,709.16
2011	December	902,550.00	574,557.87	836,310.00	522,325.34	66,240.00	169,016.69
2011	June	-	555,942.95	-	505,402.68	-	52,232.53
2012	December	946,700.00	555,942.95	876,455.00	505,402.68	70,245.00	169,012.80
2012	June	-	530,500.40	-	482,273.09	-	50,540.27
2013	December	996,700.00	530,500.40	921,765.00	482,273.09	74,935.00	169,012.58
2013	June	-	504,393.13	-	458,539.21	-	48,227.31
2014	December	1,043,700.00	504,393.13	964,485.00	458,539.21	79,215.00	169,016.23
2014	June	-	483,419.89	-	439,472.63	-	45,853.92
2015	December	1,088,450.00	483,419.89	1,005,205.00	439,472.63	83,245.00	169,016.18
2015	June	-	460,036.45	-	418,214.95	-	43,947.26
2016	December	1,142,500.00	460,036.45	1,054,520.00	418,214.95	87,980.00	169,013.76
2016	June	-	431,332.45	-	392,120.41	-	41,821.50
2017	December	1,201,150.00	431,332.45	1,107,815.00	392,120.41	93,335.00	169,013.54
2017	June	-	401,146.52	-	364,678.65	-	39,212.04
2018	December	1,262,100.00	401,146.52	1,163,135.00	364,678.65	98,965.00	169,014.91
2018	June	-	369,420.02	-	335,836.38	-	36,467.87
2019	December	1,326,600.00	369,420.02	1,221,720.00	335,836.38	104,880.00	169,016.51
2019	June	-	336,062.76	-	305,511.60	-	33,583.64
2020	December	1,394,950.00	336,062.76	1,283,850.00	305,511.60	111,100.00	169,014.80
2020	June	-	300,969.38	-	273,608.53	-	30,551.16
2021	December	1,469,600.00	300,969.38	1,351,945.00	273,608.53	117,655.00	169,012.01
2021	June	-	263,988.06	-	239,989.15	-	27,360.85
2022	December	1,543,900.00	263,988.06	1,419,350.00	239,989.15	124,550.00	169,014.76
2022	June	-	225,114.43	-	204,649.48	-	23,998.91
2023	December	1,624,100.00	225,114.43	1,492,295.00	204,649.48	131,805.00	169,013.86
2023	June	-	184,210.31	-	167,463.92	-	20,464.95
2024	December	1,708,050.00	184,210.31	1,568,615.00	167,463.92	139,435.00	169,016.34
2024	June	-	141,168.75	-	128,335.23	-	16,746.39
2025	December	1,190,000.00	141,168.75	1,044,135.00	128,335.23	145,865.00	169,014.91
2025	June	-	113,487.50	-	103,170.45	-	12,833.52
2026	December	1,200,000.00	113,487.50	1,049,075.00	103,170.45	150,925.00	169,015.57
2026	June	-	85,518.75	-	77,744.32	-	10,317.05
2027	December	1,210,000.00	85,518.75	1,053,965.00	77,744.32	156,035.00	169,016.48
2027	June	-	57,262.50	-	52,056.82	-	7,774.43
2028	December	1,220,000.00	57,262.50	1,058,800.00	52,056.82	161,200.00	169,015.11
2028	June	-	28,718.75	-	26,107.95	-	5,205.68
2028	December	1,225,000.00	28,718.75	1,058,595.00	26,107.95	166,405.00	169,016.48
		27,016,700.00	19,309,031.18	24,560,650.00	17,553,664.72	2,456,050.00	1,755,366.46



## CITY OF MANCHESTER Board of Assessors

One City Hall Plaza, West Wing  
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David M. Cornell, Chairman  
Thomas C. Nichols  
Stephan W. Hamilton

Christine Hanagan  
Assistant to Assessors

To: William Sanders, Finance Director  
From: Board of Assessors  
Date: July 26, 2007  
Re: Taxable Values at Riverfront Development

In response to your request, the Board of Assessors is providing you with a complete assessment history of the "Riverfront Development Parcels." It is our understanding that this letter, as well as our attachment, will be compiled into your report, and forwarded to the full BMA. The attached report, consisting of all forty-nine properties, summarizes the assessments in four categories: the townhouses, the mid-rises, the Hilton Garden Inn, and Manchester Downtown Visions, LLC. As you know, by State Law, our assessments (and thus the tax bills) are based on what is physically there on April 1 of each tax year. All improvements made after April 1 are assessed the following year. So, for example, the \$26,045,700 in the Riverfront assessments for tax year 2007 is a valuation snapshot of what was physically there as of April 1, 2007; this process will continue until the project is complete.

Below is the annual assessment summary as well as the taxes billed for the forty-nine parcels, followed by a brief status of the four categories:

Tax Year	Total Assessment	Taxes Billed
2004 <sup>1</sup>	\$ 1,600,000	\$ 44,669
2005	\$ 2,578,300	\$ 73,121
2006	\$ 22,075,200	\$ 371,967
2007 <sup>2</sup>	\$ 26,045,700	\$ 438,870

### Townhouses

This portion, when fully complete, will consist of forty-five townhouses. As of April 1, 2007, sixteen units were 100% completed<sup>3</sup>, eight units were partially completed, and twenty-one units had not yet been started. As the attached report indicates, the total assessment for these parcels is currently \$10,004,300.

<sup>1</sup> The City of Manchester owned the property on April 1, 2004; however, Manchester Downtown Visions, LLC was sent a tax bill based on their leasehold interest in the property.

<sup>2</sup> The "Taxes Billed" for tax year 2007 is an **estimate using the current tax rate of \$16.85**. The official 2007 tax rate, which the DRA will establish in the fall, will affect the estimate given.

<sup>3</sup> The current average assessment for the sixteen completed units is \$386,006. The majority of the completed units have river views; as more of the non-view units are completed, we expect the average per unit assessment to decrease.

Exhibit 2  
2 of 6

Taxable Values at Riverfront Development  
July 26, 2007  
Page 2 of 2

**Mid-Rises**

This lot was originally proposed to contain 132 units, which was later changed to 204 units located in two mid-rise buildings. Most recently, this was again changed to a total of 144 units located in three buildings (48 units each). As you know, construction has not started on this parcel. Therefore, the assessment, totaling \$4,080,000, is for the value of the land.

**Hilton Garden Inn**

The Hilton Garden Inn is now 100% complete. This parcel is now assessed at \$11,788,200.

**Manchester Downtown Visions, LLC**

Originally, this 11,469 square foot lot was scheduled to be developed as a retail site. As you know, there is now a developer wishing to build residential condos on this site. Our current assessment of \$173,200 reflects the value of the land.

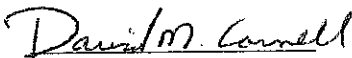
**Future Value**


The Assessors have calculated the total value necessary at this point to cover the debt service payments, less lease payments. The average debt service payment over the next 5 years is \$1,853,600 (rounded). The lease payments are \$750,000, and the average residual debt service payment is \$1,103,600. The current tax rate is \$16.85 per thousand dollars of valuation, or \$.01685. Dividing the residual debt service by the current tax rate results in \$65,496,000 (rounded) as the minimum value needed for the project to "break-even." This amount is significantly more than the 2007 total assessed value due to delays in the development of the properties.

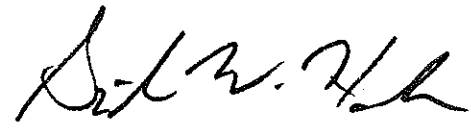
We have also attached to this memo a copy of a November, 2003 memo to the full Board of Mayor and Alderman regarding forward-looking value predictions. It should be noted that the individual component value estimates for the portions of the development now completed were very accurate, however, significant portions of the project remain uncompleted.

Please let us know if you need any additional information in this important matter.

Sincerely,

  
David M. Cornell

  
Thomas C. Nichols

  
Stephan W. Hamilton

Enclosure:

Map-Lot	Parcel Location	Assessed Value Tax year 2007	Tax Revenue @ 16.85	Assessed Value Tax year 2006	Tax Revenue @ 16.85	Assessed Value Tax year 2005	Tax Revenue @ 28.36	Current Land Use
<b>Townhouse Units</b>								
909-4AA	135 RIVERWALK WAY #5E	\$ 220,200	\$ 3,710	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4AB	133 RIVERWALK WAY #5F	\$ 424,100	\$ 7,146	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4AC	118 RIVERWALK WAY #6A	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AD	120 RIVERWALK WAY #6B	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AE	122 RIVERWALK WAY #6C	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AF	124 RIVERWALK WAY #6D	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AG	126 RIVERWALK WAY #6E	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AH	106 RIVERWALK WAY #7A	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AI	108 RIVERWALK WAY #7B	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AJ	110 RIVERWALK WAY #7C	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AK	112 RIVERWALK WAY #7D	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AL	114 RIVERWALK WAY #7E	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AM	116 RIVERWALK WAY #7F	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AN	90 RIVERWALK WAY #8A	\$ 394,700	\$ 6,651	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4AO	92 RIVERWALK WAY #8B	\$ 284,200	\$ 4,789	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4AP	94 RIVERWALK WAY #8C	\$ 311,500	\$ 5,249	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4AQ	96 RIVERWALK WAY #8D	\$ 318,800	\$ 5,372	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4AR	98 RIVERWALK WAY #8E	\$ 284,200	\$ 4,789	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4AS	100 RIVERWALK WAY #8F	\$ 347,700	\$ 5,859	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4AT	150 RIVERWALK WAY #9A	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4AU	152 RIVERWALK WAY #9B	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4C	74 RIVERWALK WAY #1A	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4D	76 RIVERWALK WAY #001B	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4E	78 RIVERWALK WAY #1C	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4F	80 RIVERWALK WAY #1D	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4G	81 RIVERWALK WAY #2A	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4H	79 RIVERWALK WAY #2B	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4I	77 RIVERWALK WAY #2C	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4J	75 RIVERWALK WAY #2D	\$ 80,000	\$ 1,348	\$ 80,000	\$ 1,348	\$ -	\$ -	Land Only
909-4K	111 RIVERWALK WAY #3A	\$ 433,500	\$ 7,304	\$ 372,800	\$ 6,282	\$ -	\$ -	Condo
909-4L	109 RIVERWALK WAY #3B	\$ 366,600	\$ 6,177	\$ 300,900	\$ 5,070	\$ -	\$ -	Condo
909-4M	107 RIVERWALK WAY #3C	\$ 348,000	\$ 5,864	\$ 276,500	\$ 4,659	\$ -	\$ -	Condo
909-4N	105 RIVERWALK WAY #3D	\$ 348,000	\$ 5,864	\$ 276,500	\$ 4,659	\$ -	\$ -	Condo
909-4O	103 RIVERWALK WAY #3E	\$ 379,200	\$ 6,390	\$ 300,300	\$ 5,060	\$ -	\$ -	Condo
909-4P	101 RIVERWALK WAY #3F	\$ 463,600	\$ 7,812	\$ 418,000	\$ 7,043	\$ -	\$ -	Condo
909-4Q	127 RIVERWALK WAY #4A	\$ 450,900	\$ 7,598	\$ 461,500	\$ 7,776	\$ -	\$ -	Condo
909-4R	125 RIVERWALK WAY #4B	\$ 405,000	\$ 6,824	\$ 431,800	\$ 7,276	\$ -	\$ -	Condo
909-4S	123 RIVERWALK WAY #4C	\$ 348,000	\$ 5,864	\$ 357,800	\$ 6,029	\$ -	\$ -	Condo
909-4T	121 RIVERWALK WAY #4D	\$ 348,000	\$ 5,864	\$ 357,800	\$ 6,029	\$ -	\$ -	Condo
909-4U	119 RIVERWALK WAY #4E	\$ 366,600	\$ 6,177	\$ 354,000	\$ 5,965	\$ -	\$ -	Condo
909-4V	117 RIVERWALK WAY #4F	\$ 469,600	\$ 7,913	\$ 439,900	\$ 7,412	\$ -	\$ -	Condo
909-4W	143 RIVERWALK WAY #5A	\$ 373,700	\$ 6,297	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4X	141 RIVERWALK WAY #5B	\$ 220,200	\$ 3,710	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4Y	139 RIVERWALK WAY #5C	\$ 209,000	\$ 3,522	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
909-4Z	137 RIVERWALK WAY #5D	\$ 209,000	\$ 3,522	\$ 90,000	\$ 1,517	\$ -	\$ -	Condo
<b>Total Value Townhouse Units</b>		<b>\$ 10,004,300</b>	<b>\$ 168,572</b>	<b>\$ 7,107,800</b>	<b>\$ 119,766</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Mid-Rise Condos</b>								
909-4	Original Lot	\$ -	\$ -	\$ -	\$ -	\$ 2,019,100	\$ 57,262	Land Only
909-4A	51 RIVERWALK WAY	\$ 2,040,000	\$ 34,374	\$ 2,040,000	\$ 34,374	\$ -	\$ -	Land Only
909-4B	15 RIVERWALK WAY	\$ 2,040,000	\$ 34,374	\$ 2,040,000	\$ 34,374	\$ -	\$ -	Land Only
<b>Total Value mid-rise</b>		<b>\$ 4,080,000</b>	<b>\$ 68,748</b>	<b>\$ 4,080,000</b>	<b>\$ 68,748</b>	<b>\$ 2,019,100</b>	<b>\$ 57,262</b>	
<b>Hilton Garden Inn</b>								
909-8	25 LINE DR	\$ 11,788,200	\$ 198,631	\$ 10,714,200	\$ 180,534	\$ 460,600	\$ 13,063	Hotel
<b>Total Hotel assessed value</b>		<b>\$ 11,788,200</b>	<b>\$ 198,631</b>	<b>\$ 10,714,200</b>	<b>\$ 180,534</b>	<b>\$ 460,600</b>	<b>\$ 13,063</b>	
<b>Manchester Downtown Visions, LLC</b>								
909-9	S COMMERCIAL ST	\$ 173,200	\$ 2,918	\$ 173,200	\$ 2,918	\$ 98,600	\$ 2,796	Land Only
<b>Total MDC assessed value</b>		<b>\$ 173,200</b>	<b>\$ 2,918</b>	<b>\$ 173,200</b>	<b>\$ 2,918</b>	<b>\$ 98,600</b>	<b>\$ 2,796</b>	
<b>Totals</b>		<b>\$ 26,045,700</b>	<b>\$ 438,870</b>	<b>\$ 22,075,200</b>	<b>\$ 371,967</b>	<b>\$ 2,578,300</b>	<b>\$ 73,121</b>	

Note: For property tax year 2004 a \$44,669 tax bill was sent to Manchester Downtown Visions, LLC based on their leasehold interest in the property.





## CITY OF MANCHESTER Board of Assessors

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To: Board of Mayor and Alderman  
From: Board of Assessors *DWH*  
Date: November 17, 2003  
Re: Estimated Assessed Valuations, Riverfront Development Proposal

The Board of Assessors has completed an analysis of the estimated assessed value of property in the Riverfront Development Proposal. It is important to note that there have been changes to the scope of the development since our June 10, 2003 report on the same subject.

The following is a brief description of the changes:

- The Hotel has been changed from 120 to 125 units.
- The Retail Space has been reduced from 210,000 square feet to 32,000 square feet. The Retail Space will be located in a separate two-story building (18,000 square feet) and as part of two mid-rise residential condominium buildings (14,000 square feet).
- The composition of the Luxury Condominiums has changed. Instead of a single 17-story tower, two mid-rise buildings are proposed, with a total of 100 garden style units.
- There are now 50 townhouse style units planned for the southern end of the site. This brings the total number of planned residential units to 150.

In developing the value estimates, the Cost Approach, Income Approach, and Direct Sales Comparison Approach have been completed and considered, where applicable. The valuation of Hotel/Retail Properties has been completed relying mostly upon the Income Approach. In valuing the residential condominium units, the Direct Sales Comparison Approach was most heavily weighted.

The following is a summary of the assessor's market value estimates for the properties. These estimates are drawn from provided specifications, plans, and cost estimates, as well as market sales and income information.

Townhouse Units					
Selling Price Range	\$300,000 to \$450,000				
Avg Market Value	\$344,000	Value/Unit	50	Units	\$ 17,200,000
Garden-Style Units					
Selling Price Range	\$200,000 to \$350,000				
Avg Market Value	\$241,200	Value/Unit	100	Units	\$ 24,120,000
Hotel Property					
Market Value/Rm	\$ 80,000	Value/Rm	125	Rms	\$ 10,000,000
Retail Spaces					
Market Value/S.F.	\$ 210.00	Value/s.f.	14,000	s.f.	\$ 2,940,000
Market Value/S.F.	\$ 208.00	Value/s.f.	18,000	s.f.	\$ 3,744,000
Total Market Value					\$ 58,004,000

### Townhouse Units

There are 50 residential townhouse style condominium units planned for the southern end of the site. The developer has reported that selling prices are anticipated to range from \$300,000 to \$450,000. It is anticipated that: approximately 18 of the units will be rear location, with limited views; approximately 26 units will have direct river views; and, approximately 8 units will be premium view/location units. The units reportedly will contain three bedrooms, and be approximately 2,200 square feet in size. The assessors estimate the average market value for the units will be \$344,000.

### Garden-Style Units

There are 100 residential garden-style condominium units planned two mid-rise buildings in the middle of the site. The developer has reported that selling prices are anticipated to range from \$200,000 to \$350,000. It is anticipated that: approximately 64 of the units will be corner location; approximately 28 units will be interior units; and, approximately 8 units will be penthouse units. The units reportedly will contain two bedrooms, and be approximately 1,500 square feet in size. The assessors estimate the average market value for the units will be \$241,200.

### Hotel Property

There is a 125 room, Class B hotel that is planned for the northern end of the site. The total construction cost estimate by the developer is \$15,000,000. The assessors have also considered the market value estimate and how it compares to other hotel properties in the City. The assessors have determined that a market value estimate of \$80,000 per room is reasonable.

### Retail Spaces

There are two retail spaces totaling 32,000 square feet of area. It is anticipated that the uses of the space will be a mixture of general retail, restaurant, and specialty retail. The income approach has been relied on heavily in the valuation of this space. It is estimated that the average rental, per square foot/year, will be \$30.00. After adjustment for reasonable vacancy and expenses, and capitalization at a reasonable market rate, a total estimate of market value of \$6,720,000 is indicated. The average value per square foot is \$210.00. However, a slightly lower value per square foot value of \$208.00 has been used for the larger unit.

Equalized Value Analysis				
	Market Value	Tax Year 2002	Tax Year 2003	Tax Year 2005
<b>Equalization Ratio</b>		0.766	0.697	0.95
<b>Ratio Used</b>		Actual	Estimated	Estimated
Townhouse Units	\$17,200,000	\$ 13,175,200	\$ 11,989,432	\$ 16,340,000
Garden-Style Units	\$24,120,000	\$ 18,475,920	\$ 16,813,087	\$ 22,914,000
Hotel Property	\$10,000,000	\$ 7,660,000	\$ 6,970,600	\$ 9,500,000
Retail Space 1	\$2,940,000	\$ 2,252,040	\$ 2,049,356	\$ 2,793,000
Retail Space 2	\$3,744,000	\$ 2,867,904	\$ 2,609,793	\$ 3,556,800
<b>Total Equalized Value</b>		<b>\$ 44,431,064</b>	<b>\$ 40,432,268</b>	<b>\$ 55,103,800</b>
<b>Tax Rate</b>		0.02568	0.0264	0.0195
<b>Rate Used</b>		Actual	Actual	Estimated
<b>Net Tax Revenue</b>		<b>\$ 1,140,990</b>	<b>\$ 1,067,412</b>	<b>\$ 1,074,524</b>
<b>Equalized Tax Rate</b>		<b>0.01967088</b>	<b>0.018402384</b>	<b>0.018525</b>

The *Equalization Ratio* is a measure of the relationship between market value and assessed value in the City as of a specific date. That date is April 1<sup>st</sup> of any given tax year. The ratio is calculated by the New Hampshire Department of Revenue Administration.

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Estimated Assessed Valuations, Riverfront Development Proposal

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The most recent ratio to be calculated is for Tax Year 2002, and was effective April 1, 2002. The Tax Year 2003 ratio will not be available until early spring, 2004. The assessors anticipate a decline in the ratio due to continued increases in market values. The assessors anticipate a decline in the ratio by approximately 9%, resulting in the estimated Tax Year 2003 ratio. The estimated Tax Year 2005 ratio anticipates a revaluation as of that Tax Year.

The *Total Equalized Value* is an estimate of what the taxable assessed value would likely be, if the properties existed as of April 1<sup>st</sup> of that Tax Year. These estimates are based on current estimates of value, and are predicated on information contained in a November 14, 2003 letter from Chinburg Builders, Inc., as well as a November 5, 2003 Overall Site Layout Plan by T.F. Moran, Inc.

The actual Tax Year 2002 and Tax Year 2003 *Tax Rate* have been used. The estimated Tax Year 2005 tax rate anticipates a revaluation as of that Tax Year.

The *Net Tax Revenue* is an estimate of what total tax revenues would result from the properties, if they existed, as currently specified, as of April 1<sup>st</sup> of that Tax Year.

The *Equalized Tax Rate* is calculated by multiplying the tax rate by the equalization ratio. It is a measure that shows the tax burden relative to market value.

The assessors believe that the information presented is generally reliable. It is important to note, however, that the value estimates are based on provided plans and specifications only. If the development is not completed in the manner in which it is presented as of this date, then the value estimates could change. The values indicated are estimates made subject to the completion of the development per the plans and specifications.

Exhibit 3  
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Exhibit C

Developer's Share of Tax Revenue

\$25,000,000 of 2003 General Obligation Bonds  
For Baseball Stadium Construction

Year	Developer's Share of Tax Revenue
	5%
2005	11,476.96
2006	24,583.34
2007	51,871.79
2008	53,751.87
2009	56,309.53
2010	56,370.42
2011	56,548.03
2012	56,863.02
2013	56,815.56
2014	56,578.17
2015	55,957.51
2016	55,532.50
2017	54,807.49
2018	54,033.41
2019	53,266.61
2020	52,512.57
2021	51,882.39
2022	51,029.19
2023	50,263.73
2024	49,464.85
2025	18,413.74
2026	15,211.73
2027	11,962.43
2028	8,665.23
2029	5,070.48

Exhibit 3  
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Exhibit C

Developer's Share of Tax Revenue

\$25,000,000 of 2003 General Obligation Bonds  
For Baseball Stadium Construction

Year	Developer's Share of Tax Revenue 75%
2005	172,154.39
2006	368,750.09
2007	778,076.91
2008	806,277.99
2009	844,643.01
2010	845,556.23
2011	848,220.51
2012	852,945.27
2013	852,233.39
2014	848,672.57
2015	839,362.70
2016	832,987.43
2017	822,112.37
2018	810,501.14
2019	798,999.12
2020	787,688.54
2021	778,235.86
2022	765,437.82
2023	753,955.90
2024	741,972.77
2025	276,206.05
2026	228,175.92
2027	179,436.50
2028	129,978.43
2029	76,057.23

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Exhibit C

Developer's Share of Tax Revenue

\$25,000,000 of 2003 General Obligation Bonds  
For Baseball Stadium Construction

Year	Developer's Share of Tax Revenue 20%
2005	45,907.84
2006	98,333.36
2007	207,487.18
2008	215,007.46
2009	225,238.14
2010	225,481.66
2011	226,192.14
2012	227,452.07
2013	227,262.24
2014	226,312.68
2015	223,830.05
2016	222,129.98
2017	219,229.96
2018	216,133.64
2019	213,066.43
2020	210,050.28
2021	207,529.56
2022	204,116.75
2023	201,054.91
2024	197,859.41
2025	73,654.95
2026	60,846.91
2027	47,849.73
2028	34,660.91
2029	20,281.93

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*Exhibit 4*

Stadium Bonds  
Debt Service  
2005-2007

	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>	<u>Total</u>
Annual Debt Service:				
\$25 Million	\$ 1,550,550	\$ 1,240,261	\$ 1,779,114	\$ 4,569,925
\$2.5 Million	<u>155,055</u>	<u>169,016</u>	<u>169,014</u>	<u>493,085</u>
Total	\$ 1,705,605	\$ 1,409,277	\$ 1,948,128	\$ 5,063,010
6 To 4 To 3 Payments				
Minimum Payment	\$ (750,000)	\$ (750,000)	\$ (750,000)	\$ (2,250,000)
Additional Payment (\$2.5M)	<u>(155,055)</u>	<u>(166,016)</u>	<u>(166,014)</u>	<u>(487,085)</u>
Total	\$ (905,055)	\$ (916,016)	\$ (916,014)	\$ (2,737,085)
Net Before Taxes	\$ 800,550	\$ 420,140	\$ 1,032,114	\$ 2,325,925
Property Tax Revenues	\$ (44,669)	\$ (73,121)	\$ (371,967)	\$ (489,757)
Make - Whole Payments	<u>\$ (77,156)</u>	<u>\$ (163,907)</u>	<u>\$ (305,894)</u>	<u>\$ (546,957)</u>
Remainder	<u>\$ 678,725</u>	<u>\$ 256,233</u>	<u>\$ 354,253</u>	<u>\$ 1,289,211</u>

Exhibit 5

## Impact on Tax Rate

Fiscal Year	Tax Base	Tax Rate	Residual Debt Service	Impact On	
				Tax Rate	Average Tax Bill *
2005	\$5,277,932,600	\$27.92	\$678,725	\$0.129	\$17.34
2006	\$5,342,561,400	\$28.36	\$256,233	\$0.048	\$6.47
2007	\$9,589,899,446	\$16.85	\$354,253	\$0.037	\$9.07

\* Based on average assessment of \$134,841 in 2005 & 2006 and \$245,451 in 2007.